



CATTLE GENETICS IMPROVEMENT PROGRAM

(Approved February 16, 2001)
(Amended December 16, 2005)

The following guidelines and recommendations have been developed for the implementation of Cattle Genetic Improvement Programs utilizing county Agricultural Development Funds. This document provides some uniformity to county or multi county projects that address cost-share assistance for purchasing high quality genetics, as it relates to sires.

Guidelines are considered to be minimum standards and shall be incorporated into cost-share programs. The applicant or county council can implement stricter requirements (i.e. lower cost-share amounts than the state maximum), except for the **EPD requirements**, which are **standard** statewide per the amendment on July 18, 2003.

If you require additional information concerning these requirements, please contact the Governor's Office of Agricultural Policy at (502) 564-4627.

I. Eligible Cost Share Items

The following are eligible for funding:

1. Bull purchase
2. Semen purchase, including estrus synchronization, the AI procedure, and AI school
3. Bull leases – producer-to-producer or leasing company to producer [This program is not intended for funding the development of leasing programs that include utilizing funds to purchase a group of bulls for lease to local producers.]

We require that a bull lease includes possession of the bull and that it not be moved from farm to farm, in an attempt to alleviate any potential herd health problems.

II. Application Procedures and Guidelines

A. Guidelines for Local Agency Application for Program Administration

1. The local agency must be qualified and willing to administer the full responsibilities of the program. A tax identification number, a letter expressing a willingness to administer the program, and an indication of specific individuals that will be responsible for administering and reporting on the program must be included in the application.
2. Regional agencies may participate as grantees, if Agricultural Development Councils from the region concur. Regional grantees will be required to account for Agricultural Development Funds on a county-by-county basis and may spend County funds only in the County from whose account funds are drawn, unless the respective County Agricultural Development Council has agreed to fund an expenditure outside its county boundary.
3. The program administrator shall identify two co-signers for the purpose of signing checks and disbursing funds from the program's account. The program administrator shall indicate who they are and their position within the organization.
4. Either the fiscal agent or the individuals who sign checks for the program shall be bonded or appropriately insured at a level sufficient to cover the amount of the funds being administered. Documentation of bonding or appropriate insurance shall be submitted with the signed legal agreement.
5. The local agency must communicate in the application the activity and scope of existing related county programs supporting cattle genetic improvement that farmers can access through other agencies. Need for a new program must be clearly evident in the application.
6. The *County Model Program Application*, including cover sheet and all other documents specified in the application, must be submitted with a *County Priority Sheet* for new program requests. Requests for additional funds, within the 12-month term of the original agreement, require the *Application Cover Sheet* and the *County Priority Sheet*.

The program administrator shall submit minutes of a business meeting held within the past 12-months where signatory authorization is given to the Authorized Representative listed on the application cover sheet.

7. Agricultural Development Funds contributed to the program cannot exceed 50%, unless the program administrator or the County Council determines that a reduced match is needed for this program.

The Council may approve a reduction in the producer's cost-share for this program to an amount **no less than 25%**. This decision and the cost-share percentages shall be indicated on the *County Council Priority Sheet*, which is sent to the Agricultural Development Board with the application.

8. Counties shall place a dollar cap on the maximum cost share per producer [defined

by Social Security Number (SSN) / Tax Identification Number (TIN) and Farm Serial Number (FSN)] for **Cattle Genetics Improvement** of up to **\$1,250** for the 12-month period from the execution date of the legal agreement between the administrator and the Agricultural Development Board. For bull purchases, there is a **limit to one (1) bull** per 12-month term of the agreement.

9. There is a Lifetime Maximum of \$5,000 for this program. "Lifetime Maximum" means that **no producer, defined by Social Security Number (SSN) / Tax Identification Number (TIN) and Farm Serial Number (FSN), shall receive more than \$5,000 in this program, retroactive to the beginning of this program.**
 - a. For bull purchases there is a maximum of four (4) bulls for the lifetime of the program, retroactive to February 16, 2001. Therefore, anyone who has received four or more bulls through this program is no longer eligible to participate.
 - b. For semen straws and bull leases, there is a maximum of \$5,000 for the lifetime of the program, retroactive to February 16, 2001. Therefore, anyone who has received \$5,000 in cost-share for semen or leasing is no longer eligible to participate.
 - c. For a combination of bull purchase (maximum of 4), semen purchase, and bull leases, there is a maximum of \$5,000 for the lifetime of the program, retroactive to February 16, 2001. Therefore, anyone who has received \$5,000 with a combination of the above is no longer eligible to participate.
10. Any funds requested for administrative purposes shall not be used to replace the funding sources of existing or established salaries and positions. Program administration funds may be used for costs above and beyond normal duties and salaries that are associated with:
 - a. Processing of producer payments;
 - b. Processing of producer applications;
 - c. Completion of program reporting forms;
 - d. Promotion of program availability;
 - e. Cost of bonding; and
 - f. Program compliance activities

One or more local agencies may combine administrative functions to create more efficient programs of grant administration.

11. The program administrator shall ensure that commingling of agricultural development funds does not occur. Therefore, the program's funds shall reside in a unique and separate bank account from any other account.

Administrators who are the fiscal agent for multiple counties may keep at a minimum one account per county. However, one account per program per county is preferred.

12. Local program sign-up and advertising shall not occur prior to the execution of the legal agreement between the program administrator and the Agricultural Development Board.

13. Demonstration programs are strongly recommended as part of the Cooperative Extension Service role in the program. The demonstrations should show differences between old practices and “new.” While eligibility to participate need not be explicitly tied to attending a demonstration or educational session related to practices employed, it is strongly recommended that these demonstration programs be a component of this model program.
 - a. Demonstration program promotion should be evident in the application. It is recommended the demonstration be local and on-farm.
 - b. It is recommended that funds be set aside for implementation of the demonstration program, reimbursed by receipt. These costs would not include food for field days, but should be expendables related to the demonstration.

B. Guidelines for Local Agency Administration

1. After receiving a copy of the executed agreement, there shall be a minimum of two consecutive weeks of advertising with applications being accepted no earlier than two weeks after the date of the first advertisement. This must occur for each sign-up period, if there is more than one sign-up during the duration of the grant agreement.

For example, when the administrator receives a copy of their executed agreement they may begin advertising for sign-ups. If the first advertisement runs January 15, then the first application may be taken January 29.

2. An advertisement must, at the very least, be prominently displayed in the county's newspaper where the most farmers will see it. A copy of the advertisement, which included the name and date of the newspaper, shall be submitted to the KADB staff.
3. The application and program promotion and communication plan should be outlined in the agency's application for Agricultural Development Funds. The application shall be submitted to and approved by the program administrator before the producer can receive reimbursement for any costs incurred.
4. A producer application for the program must be developed by the administrative agency. Award of cost-share funds shall be based upon evaluation criteria established prior to application for funds.

Administrators are strongly encouraged to use a scoring system that gives tobacco dependent farmers priority, by providing points for tobacco dependency. KRS 248.711 (2) (h) states that eligibility for county funds shall require that tobacco farmers be given priority. The program administrator will establish a committee or process to review each application for completeness and score each application according to the evaluation criteria established for the program.

Suggested evaluation criteria may include, but not be limited to:

- a. Applicant's level of dependency on tobacco production;
- b. Applicant's prior receipt of Agricultural Development Funds;
- c. Percentage of personal income from farming.

The administrator's Project Analyst can provide samples of scoring sheets from other counties.

5. In cases where there is a waiting list, it is recommended that extra points be part of the scoring system to ensure that those approved, but not receiving funds in the prior 12-month program, receive priority in the new program.

Applicants must indicate their intent to be considered in the new program, or their application will not be automatically rolled over into the new program for funding consideration.

6. Deadlines shall be established for producer application and reimbursement periods so producers have concrete timelines to implement the program. Should they fail to meet the deadlines for reimbursement, they must reapply to be considered for cost-share.
7. Approved producers must submit the Producer Report associated with the program/investments being cost-shared, before reimbursement funds are received.

These Producer Reports are for the Administrator to use in filling out the reports for the program, and to maintain on-file.

8. The program shall be open to all county/regional producers and shall not be tied to participation in any organization.

Administrators shall not reject an application solely based on the applicant's residency, assuming funding is available and the application meets the program guidelines. Administrators shall accept an application if the applicant's farm is located in the county and the cost-share will be used in the county, even if the Farm Serial Number (FSN) is registered in another county.

9. Each individual/producer who receives \$600 or more shall be supplied an IRS form 1099 or equivalent tax accounting documentation. The program administrator is responsible for distributing the necessary tax information.
10. The program administrator may choose to include eligible model cost-share program expenses for reimbursement on a retroactive basis. However, this retroactive date shall not be more than 12 months prior to the producer's application for this program.
11. Program administrators shall be required to conduct random site visits.
12. Legal agreements between the program administrator and the Agricultural Development Board shall be for a term of 12-months from the execution date of the agreement. There will be no renewals or extensions of this agreement.
13. If funds set forth in the agreement between the Agricultural Development Board and the administrator are not completely utilized within the term of the legal agreement, then remaining funds, including interest, shall be returned to the Agricultural Development Board for redeposit into the county's account.

Checks should be made payable to the **Kentucky State Treasurer**.

14. Any and all interest earned on funds for this program shall be applied to this program. Any remaining funds, including interest income, shall be returned to the Agricultural

Development Board for redeposit into the county's account at the end of the term of the agreement. All interest earned shall be reported on a semi-annual basis.

15. **Reporting: Mid-term Reporting**, which includes the *Model Program Summary* and *Fiscal Detail Report*, is required of the program administrator 6-months after the execution date of the legal agreement. Reporting forms can be downloaded from http://agpolicy.ky.gov/funds/program_reporting.shtml. These reporting forms shall be submitted electronically to govkyagpolicy@ky.gov or on a diskette mailed to Governor's Office of Agricultural Policy/404 Ann Street/Frankfort, KY 40601.

A **reconciliation report** is due 60 days after the term of the agreement. The reconciliation report includes, but is not limited to, the *Model Program Summary* and the *Fiscal Detail Report* for any payments made since the last submitted mid-term report. Also, copies of bank statements with check numbers and amounts shall be kept on file according to the legal agreement and presented in the event of an audit. Administrators shall maintain all administrative records for this program for a period of seven (7) years.

The **Close-out** of this agreement may occur when the above is completed and verified, and any programmatic data due from producers is submitted. This final close out may occur at a date beyond the reconciliation, depending on the program.

16. Model program guideline compliance and semi-annual reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, county model programs may be audited on a random basis. The administrator shall produce all documents pertaining to individual producers who participate in this program, as well as other appropriate financial documents related to this program's account.
17. For this program, the program administrator may **distribute awards** to applicants in **multiple increments**, similar to the "Hay, Straw, & Commodity Storage" program.

C. Guidelines for Producer Application Development by Local Agency

1. A producer application for the program shall be developed by the local agency. The application and program promotion and communication plan shall be outlined in the agency's application for funds under the model program.
2. The producer application must be submitted **prior to the purchase of the bull**. On the application, the producer must select up to two EPD categories from the list of six below for the bull/semen/lease to be obtained:
 - a. Balanced Trait
 - b. Carcass Merit
 - c. Heifer Acceptable
 - d. High Productivity
 - e. Low Maintenance
 - f. Terminal Cross
3. The application must include a section that lists the above (2a. – f.) EPD Categories. The producer can choose no more than two (2) EPD Categories for the bull/semen/lease

to be obtained. For reimbursement, the bull/semen/lease must fit the EPD Requirements (See III-D7.) for the type of bull/semen/lease that was pre-selected.

Example: If a producer selects both a Heifer Acceptable and Balanced Trait bull on the application, then the bull purchased must fit either the Heifer Acceptable or Balanced Trait EPD Requirements. If the bull does not meet one of these two bull type categories, but does meet another category (e.g. Terminal Cross), then it WILL NOT qualify for cost-share reimbursement.

A producer is no longer allowed to purchase a bull/semen/lease without first determining what type of bull/semen/lease he needs.

4. The producer application must be signed and dated by the producer and must include a date/time stamp from the program administrator, as well as the initials of person logging in the application.
5. Postmarks or dated letters of application shall not override the stamp applied by the administrative body.
6. A producer application from an individual without a Tax ID (TIN) / Social Security (SSN) Number and Farm Serial Number (FSN) will be considered incomplete.

Tenant farmers or those leasing land where the cost-share improvements will be located should supply a copy of their Schedule F, if they are unable to obtain permission to use the owner's FSN.

For all capital construction projects/improvements, the land owner **must** be the applicant.

7. The producer application shall clearly state all pertinent requirements, including evaluation criteria.
8. A statement regarding the understanding of requirements by the producer and verification of the producer's total cost-share awarded under this program shall be included with the application. The **Producer Certification Form** (Appendix A) must be included in the producer application for this program.

D. Producer Funding Guidelines

1. Fund distribution to producers will be on a reimbursement basis.
2. The producer shall supply a numbered and dated receipt indicating buyer and seller information in order to be eligible for payment. Payment shall only be made for eligible cost-share items identified in Section I of these guidelines.
3. Producers who intend to take part in the program shall supply a Social Security (SSN) or Tax ID TIN) number and Farm Serial Number (FSN) to receive payment. Both of these numbers must be supplied to the Agricultural Development Board.

The Agricultural Development Board recognizes every applicant's right to privacy and understands it's obligation to keep applicant/producer information confidential. Any information provided to the Agricultural Development Board or Program

Administrator on individual producer applications for model programs, such as the applicant's Social Security / Tax Identification Number, will be kept confidential by authority of the Agricultural Development Board as granted in KRS 248.701 to 248.727 and by KRS 61.878. The Agricultural Development Board does not disclose any nonpublic personal information regarding applicants/producers, past or present, except as permitted or required by the Kentucky Open Records Act, KRS 61.870 to 61.884 or other law(s).

4. [For capital construction projects] Producers shall provide an annual report on the program and maintain ownership of the property for 5 years past the participation date in the program.
5. Should the producer fail to utilize funds by the program administrator's reimbursement deadline, said funds shall be reallocated to the next available application. Additionally, the producer must reapply to be considered for cost-share funds.
6. **Ownership Requirements:**
 - a) Ownership of bulls must be maintained for a minimum of two successive breeding seasons, not in the same year.
 - b) Emergency early release is possible in case of physical or disposition problems and must be approved by the local administrative entity. Loss due to natural disasters or situations beyond producer's control will not keep him/her from future participation.
7. **Expected Progeny Differences (EPD) Requirements:**
 - a) Expected progeny differences (EPDs) must be certified to meet the requirements set forth in the state EPD guidelines posted on the Governor's Office of Agricultural Policy website. EPDs shall be certified by documentation from a breed association before funds may be reimbursed.
 - b) A bull/semen/lease must qualify within one of the two bull type categories, selected by the producer at the time of application.
 - c) When selecting bulls/semen/lease for each of the six bull type categories, the following traits must be met to qualify:
 - i) **Balanced Trait**, the EPD requirements must be met for calving ease, milking ability, and either weaning weight or yearling weight guidelines.
 - ii) **Carcass Merit** must meet minimum calving ease and carcass traits that are breed specific.
 - iii) **Heifer Acceptable** will have to meet minimum calving ease and either weaning weight or yearling weight guidelines.
 - iv) **High Productivity** must meet EPD requirements for minimum calving ease and milking ability, and minimum weaning weight or yearling weight guidelines.
 - v) **Low Maintenance** must meet minimum calving ease and maximum yearling weight and milking ability guidelines.

- vi) **Terminal Cross**, the EPDs shall meet the calving ease and either weaning weight or yearling weight guidelines, depending on the targeted market.
 - d) When selecting for **dairy breeds**, we recommend using the Net Merit \$ score. This score is an economic index based on milk, fat, protein, somatic cell score and productive life. All sires must be in the upper 20% for their respective breeds.
8. All bulls purchased or leased through this program must pass a **Breeding Soundness Evaluation (BSE)** prior to receiving cost-share funds. The cost of a BSE should be negotiated between the buyer and seller and can be included in the total cost of the bull purchase.
9. **Reporting requirements:**
- a) An annual report from each participant in this program is required.
 - b) Producers must certify the animal purchased is still on the farm at the end of each reporting period and shall be informed about the possibility of spot checks.
 - c) Exact reporting requirements shall be determined at the state level and shall utilize the reporting forms available from the Governor's Office of Agricultural Policy. Reporting shall include adequate information to evaluate the progress of the overall program and can include additional information along with the state reporting forms.
10. If a producer fails to meet the requirements of the agreement, then they will not be eligible for any future funding opportunities through this program.
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III. Recommendations to County Administrators

The Agricultural Development Board makes the following recommendations for consideration by the county applicant:

- All producers who participate in this program should be required to take part in a two-hour training session on the use of EPDs and the importance of selecting a sire based on the market strategy they choose to utilize.
- Counties should consider placing a clause in the contract that states: *The _____ association is only liable for issues related directly to the implementation of the program and not anything that may result from an individual purchase or decision.*
- We recommend that all bulls purchased have a Breeding Soundness Evaluation (BSE) prior to each breeding season.
- It is recommended that the applicant be a non-profit group so as to be sure that as much funding as possible goes to the project.
- We recommend that as much performance data as possible be kept on the individual herds (i.e. birth weight, weaning weight, 205-day weights, carcass information).
- A third party certification would be the most accurate way to verify information for the annual report and may create enhanced educational opportunities for the producer.
- We strongly recommend that some type of value-enhancing marketing opportunity be available to participants and all other interested parties. If you can get producers to put bulls with dams in a given window of time only and they then agree to a health and marketing program, a producer could be rewarded with increased income greater than what was given to them through the cost-share program.
- It is recommended that someone is responsible for being sure the applicant completely understands the requirements for participating in the program.
- We strongly recommend the cost-share of semen; however, administrators may want to consider setting different dollar limitations.
- We recommend that when individuals purchase a bull from a Kentucky Seedstock Producer that they receive an additional 5% cost-share, not to exceed 50% of the total cost or \$1,250 per purchase, whichever is less.

APPENDIX A**Producer Certification Form**

(Producer: Please retain a copy for your records. Administrator: Please keep with producer's application.)

The overall mission of the Agricultural Development Fund is to help the agriculture community diversify their agricultural operations and increase net farm income. To that end, Model Programs were developed to provide cost-share assistance to individual producers through a local program administrator. To judge the success and impact of these programs, as well as monitor the distribution of these funds, the Agricultural Development Board requires the below information. This information is required for a producer to receive funding.

All confidential information provided by the applicant shall be protected by the Agricultural Development Board and the County Agricultural Development Council, as outlined in the model program guidelines and the Kentucky Open Records Act, KRS 61.870 to 61.884.

Name:	
Farm Serial Number (FSN):	Social Security (SSN) / Tax ID (TIN) Number:
Farm Address:	
Farm County:	

Funds Received through This Model Program

Please list all funds received through the _____ (specify program) model program by year in this or any other county.

2001-2004: \$	2005: \$	Total Funds: \$
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If this form is being used for the Cattle Genetics Improvement Program, then please list the number of bulls received, in addition to the above funding information.

of Bulls:

Note: Please refer to the model program guidelines for 12-month term maximums and lifetime program maximums.

I, _____, hereby certify that I have read all of the terms and requirements for this program and agree to follow the guidelines. I understand that I am required to provide all of the above information prior to participation in this program.

I also certify that I have not received funds for this model program from another county or for the above FSN within the last 12 months.¹

I agree to use the funds I receive in the manner intended by the Agricultural Development Board and the Program Administrator. I further agree to provide copies of invoices, receipts, cancelled checks, etc. to the Program Administrator.

I will report the progress and results of these improvement practices and any resulting economic value to my operation.

Signature:	Date:
Name Printed:	

¹ Note Hay, Straw, Commodity Storage and Farm Livestock Fencing participants shall not have participated within the last 18-months.

Appendix B: EPD Guidelines

Visit http://agpolicy.ky.gov/funds/documents/epd_standards.doc for the most up-to-date EPD guidelines.